

Message Text

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PAGE 01 STATE 051434

15

ORIGIN TRSE-00

INFO OCT-01 AF-06 EUR-12 EA-07 IO-11 ISO-00 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

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PAGE 02 STATE 051434

CAPE TOWH FOR EMBASSY

E.O. 11652: N/A

TAGS: ETRD, EC, UK, GW, BE, JA, SF

SUBJECT: LITIGATION ON NEGATIVE COUNTERVAILING DUTY DECISIONS

1. UTILIZING PROCEDURES MADE AVAILABLE FOR FIRST TIME UNDER TRADE ACT OF 1974, U.S. STEEL CORP., ON FEBRUARY 18, 1976, FILED SUMMONS IN U.S. CUSTOMS COURT TO INITIATE ITS CHALLENGE IN THE COURTS OF THE TREASURY DEPARTMENT'S DECISION NOT TO INVESTIGATE CHARGES THAT REBATES OF VALUE ADDED TAXES ON STEEL PRODUCTS FROM BELGIUM, FRANCE, ITALY, LUXEMBOURG, THE NETHERLANDS, THE UNITED KINGDOM, AND WEST GERMANY, REQUIRE IMPOSITION OF COUNTERVAILING DUTIES. LITIGATION PROCESS NOT RPT NOT ACTIVELY UNDERWAY SINCE U.S. STEEL DID NOT FILE "COMPLAINT" WHICH WOULD REQUIRE GOVERNMENT TO RESPOND WITHIN SIXTY DAYS. U.S. STEEL HAS TWO YEARS WITHIN WHICH TO FILE COMPLAINT AND IT IS NOT KNOWN WHEN OR IF THEY ARE LIKELY TO DO SO. THE

LITIGATION WOULD CHALLENGE THE POLICY OF THE TREASURY FOR MORE THAN SEVENTY YEARS THAT REBATES OF INDIRECT TAXES DIRECTLY RELATED TO THE EXPORTED PRODUCT ARE NOT BOUNTIES

OR GRANTS WITHIN THE MEANING OF THE LAW.

2. ADDITIONALLY, THE U.S. COMPANIES WHO WERE PETITIONERS IN FIVE COUNTERVAILING DUTY INVESTIGATIONS WHICH RESULTED IN NEGATIVE DETERMINATIONS, AGAIN UTILIZING NEW PROVISIONS OF THE TRADE ACT, HAVE FILED WITH TREASURY NOTICE OF THEIR DESIRE TO CONTEST SUCH DETERMINATIONS. THE CASES ARE FLOAT GLASS FROM THE U.K., BELGIUM AND WEST GERMANY, FERROCHROME FROM SOUTH AFRICA AND ELECTRONIC PRODUCTS FROM JAPAN (WHICH INVOLVES AMONG OTHER QUESTIONS THE REBATE OF THE JAPANESE COMMODITY TAX AND THUS RAISES THE SAME GENERAL ISSUE ON INDIRECT TAXES AS IS RAISED IN U.S. STEEL CASE). TREASURY, AS REQUIRED BY LAW, LIMITED OFFICIAL USE

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PAGE 03 STATE 051434

SHORTLY WILL PUBLISH IN FEDERAL REGISTER NOTICE OF RECEIPT OF THESE COMMUNICATIONS FOLLOWING WHICH PETITIONERS HAVE THIRTY DAYS TO COMMENCE ACTION IN THE CUSTOMS COURT. WE WILL ADVISE APPROPRIATE POSTS WHEN SUCH ACTIONS ARE INITIATED. INGERSOLL

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